



# State of Utah

DEPARTMENT OF NATURAL RESOURCES  
DIVISION OF OIL, GAS AND MINING

Norman H. Bangerter  
Governor

Dee C. Hansen  
Executive Director

Dianne R. Nielson, Ph.D.  
Division Director

355 West North Temple  
3 Triad Center, Suite 350  
Salt Lake City, Utah 84180-1203  
801-538-5340

DOGM  
MINERALS PROGRAM  
FILE COPY

January 18, 1991

Mr. E. B. King  
Jumbo Mining Company  
6305 Fern Spring Cove  
Austin, Texas 78730

Dear Mr. King:

Re: Reclamation Surety, Drum Mine, M/027/007, Millard County, Utah

The Division has been notified by the Treasurer's Office that surety for the above-referenced mine, in the form of 6-month Treasury Bills, will mature on January 24, 1991. The surety renewal will need to be made. However, at this time Jumbo Mining Company (JMC) has posted surety covering \$162,000 (1994 dollars) as approved by the Board of Oil, Gas and Mining, as well as \$24,100 which has not been approved by the Board.

As noted in the Division Order regarding the recent informal hearing, the Division will not approve the transfer regarding Heap No. LG2 and Heap No. 7, until Western States Minerals Corporation (WSMC) transfers that portion of their permit to JMC. The Division cannot recommend a form and amount of surety for those leach pads to the Board until this transfer has occurred. Therefore, we are notifying you that you may reduce the surety posted with the state to that amount required in the initial transfer (\$162,000).

We have been advised by the State Treasurer's Office that should you desire, their office can arrange for purchase of appropriate replacement treasury securities. Any residual monies above what is required to purchase the securities would be returned to you. This service would be performed at no cost to you. If you desire to pursue this option, please contact Mr. Larry Richardson, or Ms. Chris Brandt of the State Treasurer's Office at (801) 538-1042, as soon as possible.

Page 2  
Mr. E. B. King  
M/027/007  
January 18, 1991

Unless we receive notification from you to the contrary prior to the January 24th maturity date, we will assume that the existing \$186,100 surety will be renewed through your agent, Mr. Randy Robertson, of the Texas Commerce National Bank, with notification of the renewal to the Treasurer's office.

If you have any questions, please contact me or D. Wayne Hedberg of my staff.

Best regards,

A handwritten signature in black ink, appearing to read "Dianne R. Nielson". The signature is fluid and cursive, with a large initial "D" and "N".

Dianne R. Nielson  
Director

jb  
cc: Larry Richardson, Treasurer's Office  
Lowell Braxton  
Wayne Hedberg  
M027007.1